

IN THE CHANCERY COURT OF THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

STATE OF TENNESSEE, ex rel.,)	
PAULA A. FLOWERS,)	
Commissioner of Commerce and)	
Insurance for the State of Tennessee,)	No. 03-3731-IV
)	
Petitioner,)	
v.)	
)	
EXCHANGE INSURANCE COMPANY,)	
a Tennessee domiciled insurance company,)	
)	
Respondent.)	

NOTICE OF HEARING ON REHABILITATOR'S MOTION TO APPROVE PLAN OF
REHABILITATION AND PLAN

TO POLICYHOLDERS, CREDITORS, SHAREHOLDERS AND OTHER INTERESTED
PARTIES RE: EXCHANGE INSURANCE COMPANY

PLEASE TAKE NOTICE. On May 27, 2005, the Commissioner of Commerce and Insurance, in her capacity as Rehabilitator of Exchange Insurance Company ("EIC"), filed her Motion for Scheduling Order Setting Hearing on Plan of Rehabilitation, and her Motion to Approve Plan of Rehabilitation ("Motion"), and Plan ("Proposed Plan"), with the Chancery Court of Davidson County, Tennessee, Case No. 03-3731-IV. The Rehabilitator is asking the Court to approve the Proposed Plan. If approved, the remaining insurance policy and notary bond obligations of Exchange Insurance Company will be assumed by National Lloyds Insurance Company ("NLIC") and EIC will be discharged from those obligations as described in the transaction. EIC will pay NLIC some of its assets for this transaction, the other assets to remain in EIC, and EIC would then cease doing business as an insurance company and surrender its certificate of authority to the Tennessee Department of Commerce and Insurance.

The Court has ordered that the Motion and the Proposed Plan be considered at a hearing on August 3, 2005 at 10:00 a.m., in Part IV of the Davidson County Chancery Court, located at First Image Building, Second Floor, 501 Great Circle Rd., Nashville, TN 37228. If any person affected by the Proposed Plan wishes to be heard in response to the Proposed Plan, the response must be filed in the Davidson County Chancery Court, Clerk & Master's Office, by no later than July 27, 2005, and a copy served on or before that date to the Rehabilitator's counsel, Sarah A. Hiestand, Senior Counsel, Financial Division, Tennessee Attorney General's Office, P.O. Box 20207, Nashville, TN 37202-0207 (or by fax to 615-532-8223) Copies of the Motion to Approve Plan of Rehabilitation, and Plan, may be viewed on the worldwide website: <http://www.state.tn.us/commerce/insurance/companyactions.html> under "Exchange Insurance" or may be requested from Rehabilitator's counsel.